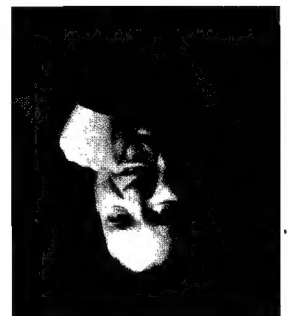


Netwatch

BY JIM CARROLL

YOUR GUIDE TO BUSINESS & ACCOUNTING ON THE INTERNET



The future of healthcare is in their hands

recently gave a keynote address for more than 225 CFOs of major hospitals throughout Ontario.

My focus? Upcoming trends that will impact the healthcare system — and how the role of finan-

cial executives will evolve to keep up with these trends. In the next few years, we will see ongoing acceleration

with new medical procedures and treatments, pharmaceuticals and biomaterials, medical technologies and devices, diagnostics and methodologies. Hospitals will face very

complex and difficult decisions in terms of balancing the intake of new ideas and capabilities compared with

resources available for spending. The CFO will need to play a huge role, providing constant analysis of approaches

and alternatives. Meanwhile, patients are already becoming far more

demanding — they're empowered with medical research they find on the Internet and are being pushed by pharmaceutical companies to avail themselves of the latest

medications ("Ask your doctor"). The volume of medical knowledge is doubling every eight years, and procedures, methodologies and treatments are becoming obsolete as

the pace of scientific discovery increases. Given this reality, leading-edge healthcare institutions

and doctors are creating online information portals for their patients. For example, University of Toronto thyroid specialist Daniel Drucker has created MyThyroid.com,

which he provides as an additional form of treatment for his patients. CFOs will have to add new initiatives such as this into the budgetary mix and work to convince

the funding system that this is a form of reimbursable healthcare. Then there is the likely impact of a new generation of

retail healthcare treatment stores, a trend gaining incredible traction in the US. The numbers behind these "stores" are compelling. It costs an estimated US\$100 for a visit to a conventional doctor for a throat infection examination, US\$329 if done in an emergency ward, and only US\$50 in a walk-in medical store. The dotcom and retail generation is coming to healthcare because it sees it as the next big

thing for transformative thinking. Steve Case, former CEO of AOL Time Warner, has established RediClinic, while MinuteClinic (with its tag line, "You're sick, we're quick") was started by Michael Howe, former CEO of Arby's restaurant chain.

We can't presume we aren't going to be affected in Canada by such developments — we'll look across the border and realize the retail revolution in healthcare is something we need here. CFOs will again find themselves dealing with more complex challenges as the definition of a hospital continues to change.

During my speech, I challenged the audience to think about the potential for location-intelligence oriented data-rich information that could help us spot emerging health-care trends, and adjust institutional plans accordingly. Location intelligence links geographic information (think Google Maps) with existing sets of data. For example, imagine taking emerging statistics on a disease outbreak, and creating a time-series of Google Map images that shows its rapid progression. In the same vein, I played them a video clip (which I've put up on YouTube; see link below) related to the emergence of obesity in the US that is quite compelling and stark.

My message to the CFOs: you must move from a tactical role to a strategic role. You'll be involved to a greater degree in establishing a financial infrastructure that can analyze a flood of new capabilities, ideas and concepts, and it will be an extremely tricky balancing act.

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TREATMENT TRENDS

RediClinic www.rediclinic.com
MinuteClinic www.minuteclinic.com
Obesity in the US www.youtube.com/watch?v=OruJstzqVZM